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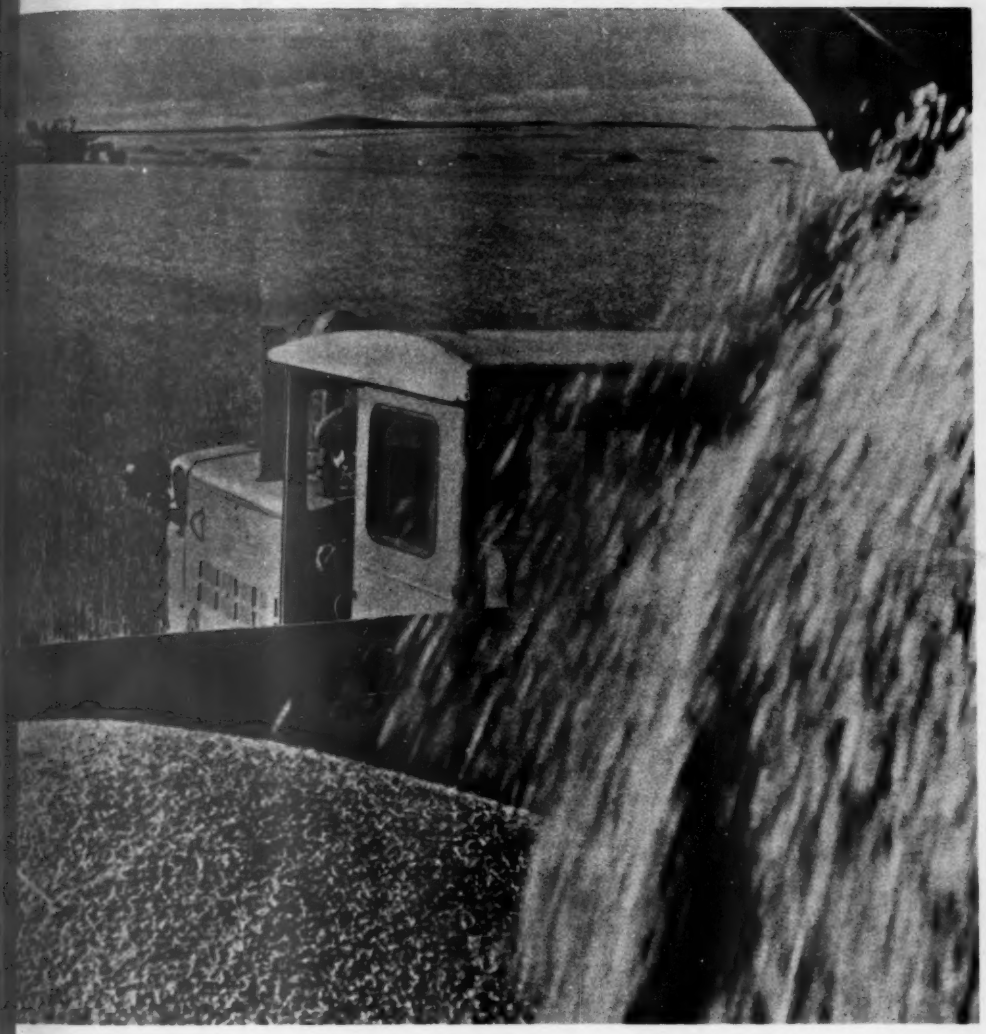

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TECHNOLOGY & SCIENCE

China's Wheat Prospects

World Grain Situation—1972-73

FOREIGN AGRICULTURAL SERVICE

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This week's cover:

Despite good grain harvests in 1970 and 1971 (like this one pictured in a Chinese magazine), the People's Republic of China has arranged to import more than 4 million tons of wheat from Canada, the United States, and Australia during the current fiscal year. One reason may be the uncertain level of China's 1972 harvest, now in progress. That and other factors are discussed in the article beginning on this page.

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China Buys More Wheat f
Delivery During FY 1973

By HAROLD C. CHAMPEAU
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BY THE END OF the first 3 months of fiscal 1973, the People's Republic of China had contracted for wheat imports that will total about 4.3 million metric tons during the year—the highest since fiscal 1970. With this level of purchases already set, and with reports of dry weather in several regions and over several months of the growing season, the possibility that China might purchase still more wheat for delivery during the current year cannot be ruled out.

Purchases made thus far included an estimated 3.4 million tons of Canadian wheat already contracted for delivery between July 1, 1972, and March 31, 1973; an estimated 500,000 tons of Australian wheat (assuming that half of a 1-million-ton purchase recently announced as scheduled for delivery during calendar 1973 will arrive by July); and just over 400,000 tons (about 15 million bushels) of U.S. wheat.

The U.S. bookings, announced by the U.S. Department of Agriculture's Export Marketing Service on September 14, included 11.2 million bushels of white wheat and 3.8 million of soft red winter wheat. These shipments to the People's Republic will be the first since November 1948. Should China now make additional wheat purchases, at least a part could be U.S. wheat.

Many factors probably influenced the Chinese in buying more grain when already committed to take delivery of more than 3 million tons of Canadian wheat this year and when they themselves have had two consecutive "record" or "bumper" grain harvests (1970 and 1971).

One possible factor is drought. There is no doubt that the June drought in north China and the August-September drought in central China have affected the early-harvested crops (already in) and the late-harvested crops (to be completed in coming weeks). The extent to which the 1972 harvest has been damaged, however, is not yet known.[1]

Some further insight may be provided by reviewing the Chinese grain economy and grain trade, and by summarizing recent Chinese weather and crop conditions and trade developments.

China's grain economy. Grain is very important in the Chinese diet. According to the best available estimates, 78 percent of the caloric content of the average Chinese diet is derived from grain (including potatoes at 4:1). The share of meat, dairy products, eggs, and fish is negligible (only 8 percent), and the addition of limited amounts of vegetables, soybeans and other pulses, and vegetable oils does not detract much from the importance of grains.

Thus, with the level of nutrition so directly dependent upon the efficient production, procurement, and distribution of grain, and with a population increasing by as much as 15 million a year (at a 2-percent annual rate) and wheat imports held at 4-5 million tons a year over the past decade, it is easy to see why grain production has been emphasized in recent years, even at the expense of many nongrain crops.

Harvesting a good crop of irrigated wheat in Honan Province.

During the Great Leap Forward and the depression years, 1958-61, grain production fell to a seriously low level of 160 million tons, or less. Since then, China's farmers have produced a steadily larger grain crop, reaching claimed

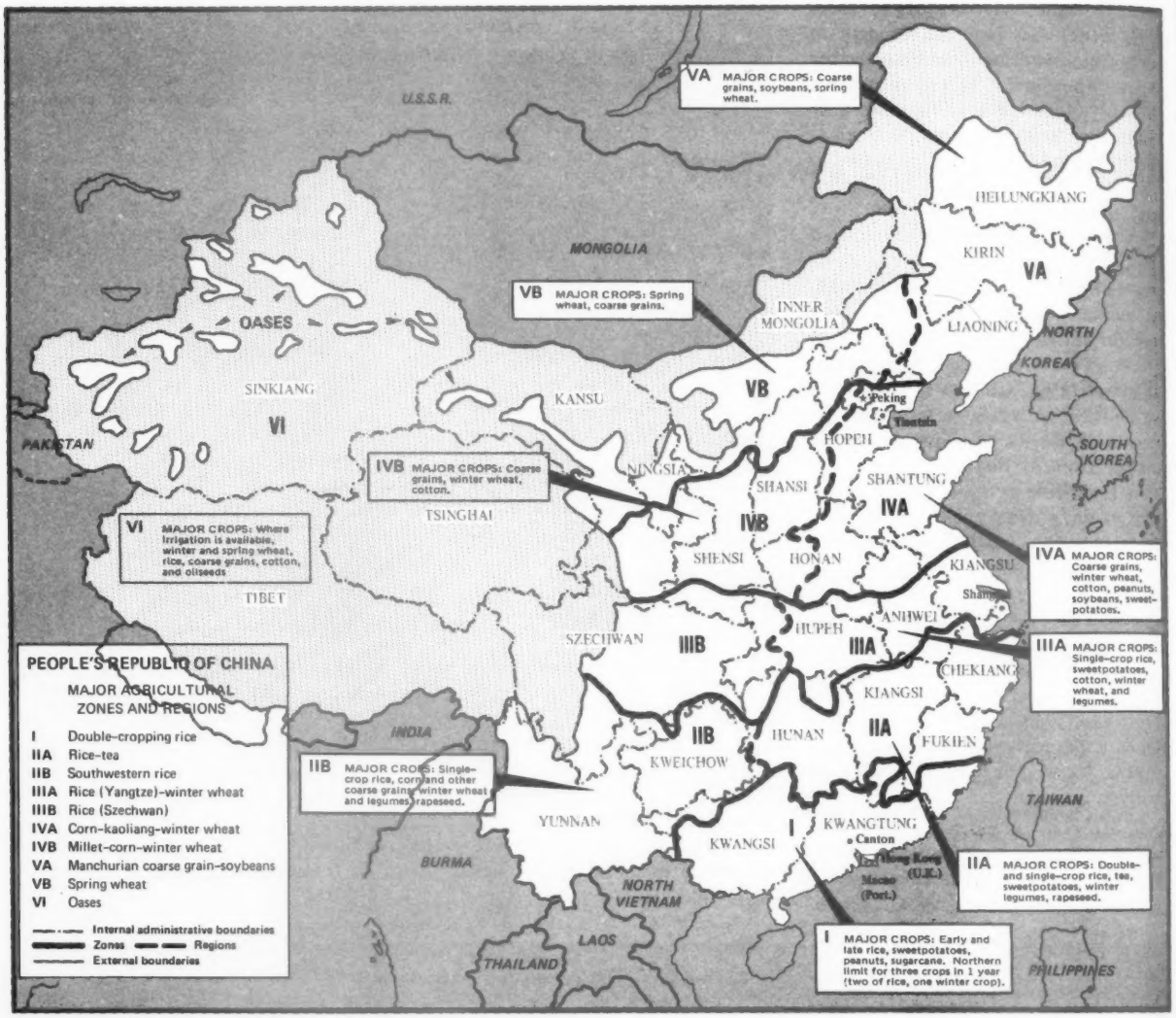
[1] China's Premier Chou En-lai predicted to visiting U.S. editors earlier this month that despite poor weather, the 1972 grain crop would exceed 250 million tons.

EXPORTS OF WHEAT AND WHEAT FLOUR TO PEOPLE'S REPUBLIC OF CHINA, BY COUNTRY OF ORIGIN, FISCAL YEARS 1961-73

[In thousands of metric tons]

Country of origin	Year ending June 30												
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973 [1]
United States	0	0	0	0	0	0	0	0	0	0	0	0	[2] 400
Argentina	0	88	98	988	598	2,216	324	10	0	0	0	0	—
Australia	1,158	1,953	2,075	2,543	2,276	2,018	2,165	2,416	1,182	2,517	1,308	0	[3] 500
Canada	781	1,968	1,678	1,005	1,758	1,987	2,465	1,367	2,098	1,830	2,347	2,967	[4] 3,400
EC:													
France	0	199	870	222	399	38	71	363	257	778	0	0	—
W. Germany	10	384	119	0	0	0	0	0	0	0	0	0	—
Italy	0	1	0	0	0	23	0	0	0	0	0	0	—
Total EC	10	584	989	222	399	61	71	363	257	778	0	0	—
USSR	0	160	46	0	0	0	0	0	0	0	0	0	—
Mexico	0	0	0	450	0	0	0	0	0	0	0	0	—
Uruguay	0	0	0	0	1	0	0	0	0	0	0	0	—
Total	1,949	4,753	4,886	5,208	5,032	6,282	5,025	4,156	3,537	5,125	3,655	2,967	[1] 4,300

[1] Estimated. [2] Amount registered for shipment to the PRC as announced by USDA on Sept. 14, 1972. [3] Until details of the calendar 1973 delivery schedule become available, it has been assumed that half of the 1,000,000 metric tons sold to the PRC (announced on Sept. 27, 1972, by the Australian Wheat Board) will be shipped in fiscal 1973 and half in fiscal 1974. [4] Estimated quantity to be delivered under sales contracts outstanding as of Oct. 1, 1972. Includes balance of Dec. 17, 1971, sale not shipped as of June 30, 1972, plus total quantity of June 1, 1972, sales contract. Contract quantities have been assumed to be increased by 4.2 percent (average additional amount purchased during 1961-71 under the 5 percent plus-or-minus option).



Based on material from "People's Republic of China, an Economic Assessment," May 1972, prepared for the Joint Economic Committee of Congress.

levels of 240 million tons in 1970 and 246 million tons in 1971. Even reducing these claims to around 220 million tons each for 1970 and 1971—to account for moisture, field loss, and other factors—the results widely believed to have been achieved in the past few years are impressive. (It must be emphasized, however, that no reliable production data on any of the grains are available; all esimates are thus based on fragmentary, unverified information.)

Wheat is probably China's largest grain crop after rice, although the corn crop may now be as large, if not larger. Winter wheat, largely grown north of the Yangtze River, accounts for about 90 percent of total wheat production. Spring wheat, restricted to the drier regions of the north and northeast, provides the remaining 10 percent. The area under wheat has remained relatively stable over the past decade, estimated at about 59 million acres, while production has increased only slightly to its current level of approximately 25 million tons a year. The annual wheat harvest, although only one-fourth the size of the rice harvest, is of exceptional significance in northern China, particularly for supplying wheat and flour to urban and industrial areas.

The level of Chinese wheat production has shown little change over the past decade, with the result that per capita wheat consumption has been declining. China's total grain production, however, has increased steadily over the same period, although it, too, apparently has barely kept pace with China's population growth. Only by greatly increasing the production of rice and other relatively high-yielding but low-quality food crops such as tubers and miscellaneous grains has China been able to maintain an acceptable level of food consumption for its enormous and rapidly increasing population.

Rice contributed an important share of the estimated production increase between 1961 and 1971, with output increasing from 80 million tons to about 100 million. Most of that increase came from increased yields; a slight expansion in sown area accounted for the rest. Increased yields in turn have been

(Continued on page 12)

EC Oilseed, Meal Use in 1970-80 Should Surpass Record Set In Calendar 1971

The European Community (EC) used a record amount of oilseeds and meals[1] in calendar 1971 and consumption is expected to continue upward during this decade.

Soybeans made up a record proportion of the 1971 total. A new high was also set in the amount of soybeans and meal coming from the United States. Both are duty-free and therefore are not subject to fixed or variable levies.

Although the EC's oilseed and meal consumption is expected to continue to grow during the current decade, the annual volume of growth is expected to be less than year-to-year increases in the 1960-70 period. The United States, which since 1966 has supplied at least half of the oilseeds and meals imported by the Community, will probably continue to supply a large percentage of EC requirements.

The Community consumed 10.56 million tons of oilseeds and meals last year against 9.91 million tons a year earlier. Nearly 60 percent of 1971 consumption was soybean meal, compared with 40 percent just 11 years previous. Because of limited world supplies of fish, peanut, sunflower, and cottonseed meals, the EC used some 1 million tons more of soybean meal in 1971 than the 5.27-million-ton volume indicated on the basis of growth during the 1960-70 period.

Community imports of oilseeds and meals in 1971 also showed an increase from the previous year's level—11.89 million tons, compared with 11 million tons; roughly three-fifths of the 1971 total is estimated to have come from the United States.

EC imports of U.S. oilseeds and meals have shown an increase every year but one since 1960. During that time they rose from 1.49 million tons to 6.04 million in 1970. The U.S. share of these imports also increased—from 37.2 percent in 1960 to 61 percent in 1970.

Although total EC oilseed and meal utilization in 1971—at 10.56 million tons—was nearly 570,000 tons higher than the amount indicated by the 1960-70 linear trend, the EC would have used an even greater volume of meal except for competition from increased availabilities of domestic grain compared with meal. Expansion in the livestock and poultry industries also fell off, reducing their requirements for high protein feed.

During the 1970's, use of high protein meal in the EC is expected to increase by about 280,000 tons per year (equal to the protein in 12.9 million bushels of soybeans), sharply less than the 554,000-ton annual trend-line growth (equal to 25.6 million tons of soybeans) during the 1960-70 period. This projection was based on a study of the relationship between the past consumption by the Community's livestock and poultry industries and their calculated future requirements of protein meal. It also reflects the belief that a drive to upgrade deficient EC animal diets will taper off as feeds near the de-

(Continued on page 16)

[1] Soybeans, peanuts, sunflowerseed, cottonseed, linseed, rapeseed, copra, palm kernels, and their respective meals, as well as fish meal.

EUROPEAN COMMUNITY: IMPORTS OF OILSEEDS AND MEAL FROM THE UNITED STATES

[In thousands of metric tons]

Commodity	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Soybeans	1,502	1,406	1,888	1,892	2,422	2,186	2,761	2,741	2,842	3,001	4,533
Soybean meal	179	190	586	562	815	1,091	1,502	1,677	1,737	1,924	2,241
Peanuts[1]	17	11	—	—	30	48	22	32	18	6	2
Peanut meal	3	—	—	3	1	6	14	1	21	26	16
Cottonseed	—	—	—	—	—	—	—	—	—	1	—
Cottonseed meal	11	1	6	6	21	46	10	2	3	1	13
Flaxseed	89	90	65	83	144	84	148	153	208	218	141
Flaxseed meal	49	22	40	53	98	80	108	78	68	83	66
[In thousands of metric tons, expressed in soybean equivalent]											
Soybeans	1,209	1,132	1,520	1,523	1,950	1,760	2,223	2,207	2,288	2,416	3,649
Soybean meal	179	190	586	562	815	1,091	1,502	1,677	1,737	1,924	2,241
Peanuts	7	5	—	—	13	21	10	14	8	3	1
Peanut meal	3	—	—	3	1	7	16	1	24	29	18
Cottonseed	—	—	—	—	—	—	—	—	—	—	—
Cottonseed meal	9	1	5	5	17	37	8	2	2	1	11
Flaxseed	43	43	31	40	69	40	71	73	100	105	68
Flaxseed meal	37	17	30	40	75	61	82	59	52	63	50
Total seed	1,259	1,180	1,551	1,563	2,032	1,821	2,304	2,294	2,396	2,524	3,718
Total meal	228	208	621	610	908	1,196	1,608	1,739	1,815	2,017	2,320
Total seed and meal	1,487	1,388	2,172	2,173	2,940	3,017	3,912	4,033	4,211	4,541	6,038

[1] In-shell basis.

The World Grain Situation in 1972-73

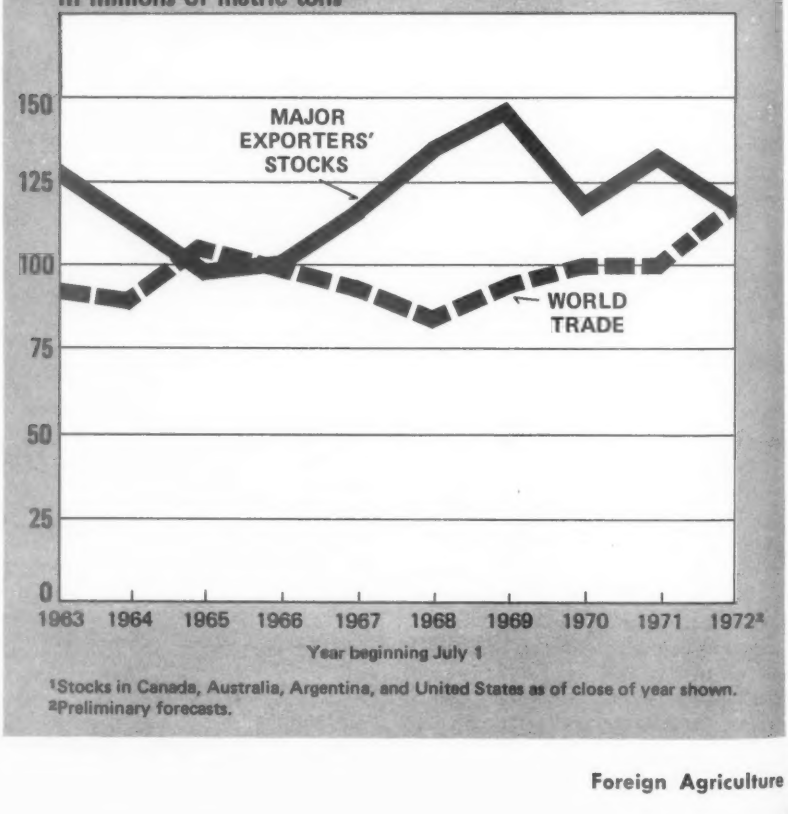
MASSIVE GRAIN PURCHASES by the Soviet Union during the past summer are having a major impact on the world grain situation for 1972-73, bringing the prospect of a sharp decline in wheat stocks by the year's end. Other elements entering into the situation are an unusual concentration of wheat stocks in North America, unusually low rice supplies in Asia, and uncertainty about the adequacy of the grain crops in India and the People's Republic of China during the rest of the year. These developments, taken all together, have significantly raised grain prices.

World grain production, although it declined in 1972, both in importing and exporting countries, by a total of around 42 million metric tons, was still the second largest on record, at 1.06 billion tons. This somewhat reduced crop coincides, however, with greater than usual grain stocks—132 million tons—in the four major exporting countries on July 1, 1972. But the proportion of stocks in wheat was lower than normal, and a small wheat crop is foreseen for Australia. Since most of the Soviet Union's grain purchases have been wheat, it is on that grain rather than on feedgrains that supply-demand pressures are most concentrated.

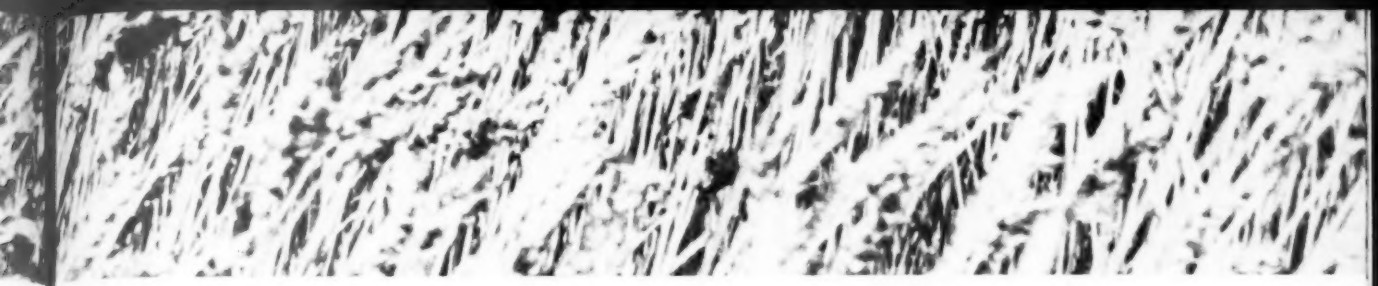
In addition, exportable rice supplies are short in several Asian countries. Heavy rains in the Philippines, together with military disruptions in Bangladesh, South Vietnam, and the Khmer Republic, have increased immediate needs for

This article is based on a study entitled *World Agricultural Situation: Special Supplement on the World Grain Situation*, jointly prepared by the Foreign Agricultural Service and the Economic Research Service and scheduled for publication October 23.

WHEAT AND FEEDGRAINS: WORLD TRADE AND EXPORTERS' CARRYOVER STOCKS[1]



[1]Stocks in Canada, Australia, Argentina, and United States as of close of year shown.
[2]Preliminary forecasts.



imports. But the Asian rice crop usually harvested as late as December in several countries is not expected to be much above last year's. Supplies for immediate export are especially slim.

Normally, there is little substitution of import demand between rice and either wheat or feedgrains; but in extreme shortfalls of rice, some substitution has taken place in the past, as in India and Pakistan in the mid 1960's.

World trade in wheat and feedgrains is expected to total 119 million tons in 1972-73—a new high. Wheat exports are likely to rise from 52 million tons in 1971-72 to 67 million tons, while feedgrain exports may rise from 48 million tons to 52 million. In each of the past two seasons, total grain trade was about 100 million tons. Most of the increase comes from grain purchases by the USSR, which had net imports of only 2 million tons last year but will have an estimated net import total of 21 million this season (taking into account exports of over 1 million).

THIS NEW WORLD GRAIN TRADE record far exceeds the previous high of 104 million tons in 1965-66. That year, the Soviet Union had net imports of 4 million tons, mainly wheat, and India imported about 8 million tons of grain. This year, India is currently expected to import less than last season's 1.6 million tons.

The sizable increase in world import requirements is being supplied chiefly by the United States, which has a much higher share than usual of world exportable grain supplies. Total U.S. exports of wheat and feedgrains during 1972-73 are estimated at 57.5 million tons, compared with 37.9 million tons last season, with the increase also closely paralleling larger Soviet import needs.

Wheat and feedgrain stocks in the four major exporting countries are expected to be drawn down to about 117 million tons by July 1, 1973, given the currently expected levels of world grain trade in 1972-73.

World grain prices are stronger than they were a year ago, and they may remain so until larger supplies begin to develop. These prices can be expected to encourage higher production levels in a number of exporting countries in 1973. Much depends upon weather and crop conditions. With normal conditions, price inducements to larger plantings, plus heavier application of fertilizers, could permit a substantial rebuilding of stocks. If 1973 crop conditions are below normal, however, grain prices could continue relatively strong for another season.

The Soviet Union. Unfavorable weather was primarily responsible both for an estimated 25-percent drop (about 20 million tons) in the Soviet wheat crop this year and for reduced quality in the crop. (Much of the low-quality wheat is fed to livestock.) The Soviet feedgrain crop is currently estimated at slightly more than last year's. The Soviets have negotiated large purchases of wheat and corn, apparently to offset crop losses and mitigate the effect of production decreases on the country's livestock-product goals.

Estimated Soviet grain purchases thus far in 1972-73 are 27 million tons, roughly 19 million of wheat and 8 million of feedgrains. About 5 million tons of the total is probably destined to meet commitments to other countries such as Cuba and those in Eastern Europe. About two-thirds of the grain has been purchased in the United States, with Canada the second-ranking supplier. Large quantities will also come from Australia, EC, Romania, and Sweden.

India and China. A long delay in the 1972 monsoon has reduced India's fall grain crops. To offset this production shortfall, India expects to depend largely on stocks and careful husbanding of supplies. At this time, its imports are expected to fall below last year's relatively low levels. However, a greater production deficit could increase imports.

China is believed to be currently harvesting a grain crop about the size of last year's. Its wheat purchases so far have been about normal in quantity and timing. This year, however, they include 400,000 tons of wheat from the United States—the first such purchase in many years.

THE AVAILABILITY OF GRAIN for consumption in China during 1972-73 may be slightly less than during the past 2 years. If extreme weather should bring a shortfall in production, the Chinese could either draw on their improved grain stocks, tighten the grain ration, or increase scheduled imports.

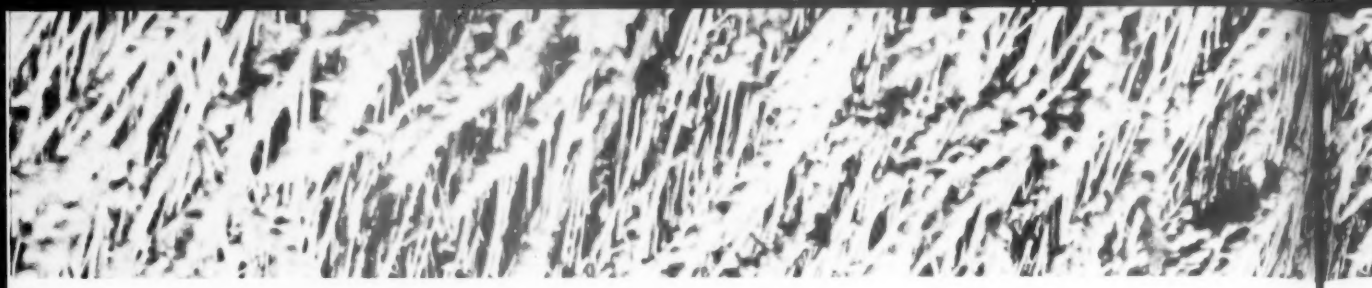
Based on conditions reported through early October, the 1972 world wheat crop is estimated at 303 million tons, down from 323 million in 1971. Most of the decline reflects a 20-million-ton drop in the USSR crop. Production in the United States fell by 2.2 million tons. The combined production of Canada, Argentina, and Australia is also up slightly.

Wheat stocks in these four major exporting countries totaled 50 million tons on July 1 this year, down 4 million tons from a year earlier. The bulk of these stocks were in the United States —23.5 million tons, compared with 18.1 million in Canada. Stocks in Argentina and Australia on July 1 were reported to be largely committed for domestic or export use.

Wheat supplies in other exporting countries are at normal levels. The European Community's total of 41 million tons is about the same as last year; so are supplies in other West European exporting countries.

Production declines in other West European importing countries were more than offset by increases elsewhere.

Import estimates for 1972-73 are also normal except for the USSR. Some reservations must be made for China, which could need larger wheat imports than currently estimated from preliminary information. In India, if good weather holds through this fall and next spring, only minor wheat imports are envisaged, but stocks are be-



ing drawn down to fill production deficits in the fall crops.

Thus, total world wheat imports for 1972-73 are estimated at 67 million tons, up 15 million from last year. If these estimates hold, with production and consumption in major exporting countries as now expected, wheat stocks of the four major exporting countries could total about 34 million tons next summer, well below this summer's 50 million and the same as the recent low of 34 million in 1966. In the United States, wheat stocks would decline from 23.5 million tons to 14.5 million.

World feedgrain production in 1972-73 is estimated to be down some 18 million tons to a total of 570 million, but this is still the second largest crop on record. The decrease occurred largely in the four major exporting countries—the United States, Canada, Australia, and Argentina—where feedgrain crops fell from 228 million tons to 216 million.

The decline in production was nearly offset by larger stocks in the four countries. The stock total exceeded 82 million tons, as against 66 million a year earlier; and the United States held more than 80 percent. Of the corn stocks—60 million tons—the United States had all but 5 million. Of the barley—up 2 million tons—Canada held the bulk.

LARGE SUPPLIES OF CORN are on hand in South Africa, although rail capacity there continues to inhibit exports. Argentina, with poor corn and sorghum crops this past spring, has relatively low corn stocks, although more normal production levels can be expected from its 1972-73 crop (not yet completely planted). Thailand's corn crop to be harvested this fall is expected to be down, along with its corn exports.

Larger stocks of barley are available in Canada; larger stocks of oats, in the United States. Canada, however, with record grain exports expected, could have difficulty moving ever-larger grain shipments from producing areas to export markets. Also, Canada's Wheat Board may tend to give wheat exports priority. This would place additional demands on the United States as the major supplier of feedgrain.

World import demand for feedgrains, except in the USSR, appears to be in line with normal trends and expectations. Soviet purchases, however, are expected to reach about 8 million tons—mostly corn and mostly from the United States. This is double the estimated 4 million of 1971-2, though some of the 1972-73 purchases may go to Eastern Europe. Given this increase, plus larger shipments to Japan and Western Europe, total world imports

WORLD FEEDGRAIN TRADE,[1] 1970-72

[In millions of metric tons]

Country or region	Year beginning July 1		
	1970	1971[2]	1972[3]
Exports:			
Canada	4.1	4.2	3.5
Australia	2.2	3.3	3.5
Argentina	7.5	6.7	4.1
South Africa	.8	2.9	3.7
Thailand	1.7	1.7	1.0
Total main exporters	16.3	18.8	15.8
Western Europe	4.0	5.3	6.4
Eastern Europe	.9	.9	.6
Others	3.4	2.2	1.1
Total non-U.S.	24.6	27.3	24.6
United States[4]	19.8	21.0	26.9
Total exports	44.4	48.3	51.5
Imports:			
Japan	10.3	10.0	11.6
Western Europe	25.5	21.7	22.0
Eastern Europe	2.7	4.7	4.8
USSR	.8	3.9	5.7
Others	5.1	8.0	7.4
Total imports	44.4	48.3	51.5

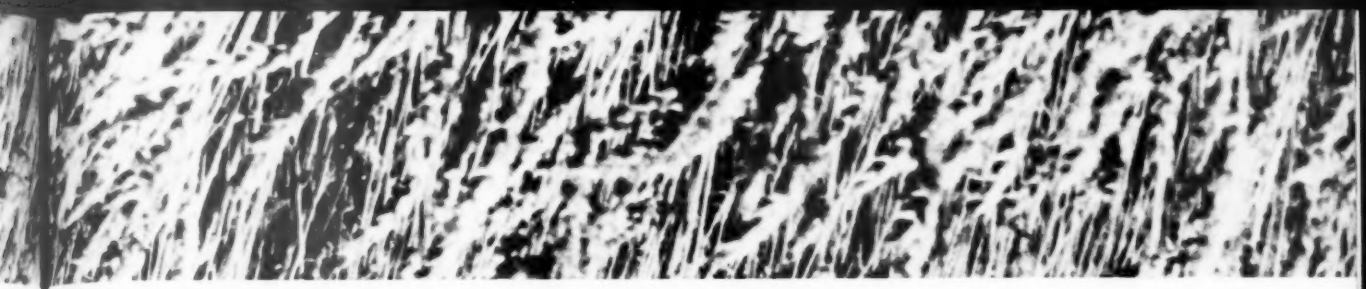
[1] Includes corn, grain sorghum, barley, and oats; excludes intra-EC trade. [2] Preliminary. [3] Estimated. [4] Includes products of grain in grain equivalent and adjustments for transshipments through Canadian ports.

WORLD WHEAT AND WHEAT FLOUR TRADE,[1] 1970-72

[In millions of metric tons]

Country or region	Year beginning July 1		
	1970	1971[2]	1972[3]
Exports:			
Canada	11.4	13.7	15.6
Australia	9.3	8.4	5.8
Argentina	1.7	1.1	2.2
Total main exporters	22.4	23.2	23.6
Western Europe	3.9	5.0	8.5
Eastern Europe	.1	.2	.3
USSR	7.1	4.8	1.7
Others	.5	1.9	1.9
Total non-U.S.	34.0	35.1	36.2
United States	20.1	17.2	30.6
Total exports	54.1	52.3	66.8
Imports:			
Japan	4.8	5.0	5.3
Western Europe	11.5	8.7	9.5
Eastern Europe	6.5	4.8	5.1
USSR	.3	3.3	15.9
China	3.6	3.0	4.3
Others	27.4	27.5	26.7
Total imports	54.1	52.3	66.8

[1] Excludes intra-EC trade; includes wheat flour; U.S. trade data include all major wheat products, and are adjusted for transshipments through Canadian ports. [2] Preliminary. [3] Estimated.



of feedgrains should be up 4 million tons over last year's level, to around 52 million tons.

U.S. corn and sorghum exports for the marketing year 1972-73 (October-September) have been officially estimated at a total of 25.3 million tons, whereas for July-June, with total U.S. feedgrain exports estimated at 26.9 million tons, the implied corn-sorghum total is 26.3 million. This difference is mainly due to the likelihood that competing supplies from other countries (especially Argentina) may be substantially larger in July-September 1973 than they were in July-September 1972. Another factor is the possibility that purchases by the USSR for July-September 1973 may not be as large as for the same period of 1972.

World rice production in calendar 1972 is expected to decline about 5 million tons, to 194 million. Most of the decrease reflects a sharply reduced crop in India. The pattern of rice production and a combination of weather with disruptions from military conflicts have strongly influenced the world rice market and will continue to influence it for the next few months.

Present exportable supplies are located largely in the United States, Italy, Thailand, China, and Japan. These supplies are limited this year. Production in the United States rose slightly, but stocks declined; production in Western Europe is down somewhat; Japan had cut its rice stocks by at least in half by the start of its new rice year this October; Burma is out of the rice market until December, when its new crop comes in; and Thailand has placed controls on its rice exports to assure domestic supplies at a fixed price.

Meanwhile, wars, droughts, or heavy rains have created immediate import needs in South Vietnam, the Khmer Republic, Bangladesh, the Philippines, and Indonesia. Imports are needed before the new crops come in, late this year. However, in most Asian countries, except India, rice production is expected to equal or exceed last year's and imports for both calendar 1972 and 1973 are expected to be down slightly from 1971. Imports for 1973 could exceed the 1971 level if crops in Asia are shorter than anticipated.

World wheat prices increased sharply after the large USSR purchases in July and August. For example, the c.i.f. Rotterdam price for U.S. Hard Winter 12 percent wheat rose from $64.75 per metric ton in April to almost $90 in early October. Hard Winter wheat composed most of the Soviet purchases. World prices had been relatively stable since 1970.

Corn prices at Rotterdam have also shown considerable strength in recent weeks. The late September c.i.f. prices for No. 3 Yellow corn peaked at about $67 per ton, compared with $57.50 in April 1972. Barley prices in Rotterdam have risen particularly high, probably owing to smaller export offerings by supplier countries such as Canada, where barley must compete strongly with wheat for loading and shipping.

WORLD, U.S., AND USSR GRAIN TRADE, AND WORLD STOCKS, 1963-72
[In millions of metric tons]

Year beginning July 1	World trade	USSR net imports	U.S. exports	World carryout (June 30) stocks [1]
Wheat:				
1963	57	7	23	47
1964	52	—	19	49
1965	63	6	23	34
1966	57	−1	20	37
1967	52	−4	20	42
1968	47	−6	15	60
1969	52	−5	17	69
1970	54	−7	20	53
1971	52	−2	17	50
1972 [2]	67	[4] 14	31	34
Feedgrains: [3]				
1963	33	−1	16	81
1964	35	−3	18	64
1965	42	−2	26	64
1966	42	−1	22	62
1967	41	−1	20	73
1968	36	—	17	76
1969	40	−1	20	76
1970	44	1	20	63
1971	48	4	21	82
1972 [2]	52	[4] 7	27	83
Total grains:				
1963	90	6	39	128
1964	87	−3	37	113
1965	105	4	49	98
1966	99	−2	42	99
1967	93	−5	40	115
1968	83	−6	32	136
1969	92	−6	37	145
1970	98	−6	40	116
1971	100	2	38	132
1972 [2]	119	[4] 21	58	117

[1] Includes wheat, rye, barley, oats, and corn for United States, Canada, Australia, and Argentina. [2] Except for stocks, data are forecasts. [3] Trade data include barley, corn, oats, and sorghum. [4] Assumes that 5 million tons of total USSR grain purchases for 1972-73 will be delivered to other destinations such as East Europe and Cuba.

Polish Potato Exports To USSR Hurt by Transport Problems

Potatoes, as well as grain, were hurt by the drought and hot weather that gripped the USSR this summer, and the country is having to make up for the shortfall with sizable imports from Poland. These shipments, however, could be hurt by inadequate transport.

While there are no production estimates available for the 1972 potato crop, reports indicate that it is very poor—possibly under a billion hundredweight, or less than half a normal crop. Some of the States and collective farms reportedly are not even harvesting potatoes because of the poor yield.

To compensate for the shortage, the USSR has contracted for a million metric tons of Polish table potatoes and 150,000 of seed potatoes. With a production this year of some 48 million metric tons—compared with 40 million and 50 million, respectively, in the previous 2 years—Poland has sufficient potatoes to supply the imports. However, the transportation systems of the two countries may be strained to handle such a large quantity between now and next spring.

Furthermore, potatoes are very sensitive to frost damage, which easily occur in transit since neither the Poles nor the Soviets have many insulated railcars and trucks. Often, the potatoes are transported in open cars, with only a layer of straw as protection. Delays in transit, which are likely this winter owing to the heavy inflow of imported grain, further increase the chance of frost damage.

Potatoes in the Soviet Union are a multipurpose staple, used for food, livestock feed, alcohol, and starch. (In Poland, by contrast, the greatest use is for cattle and pig feed.) However, this industry is dominated by private smallholders, who account for about 65 to 70 percent of the crop. This makes it difficult to obtain an accurate estimate of either acreage or production, since growers tend to overstate the acreage. Currently, the estimate of a "normal" crop is 2 billion hundredweight, from 20 million acres, which gives a yield of about 100 hundredweight per acre.

Potato production is also handicapped by the lack of a good seed program. Most growers save the very small potatoes for planting, which often results in poor quality seed being selected.

Turkish Cotton Heads for Record

Although Turkey will be harvesting its new cotton crop through November 1972, current reports indicate that another record crop is in sight. The 1972-73 crop is now placed at about 2.6 million bales (480 lb. net), an increase of 200,000 bales or 8 percent over the record 1971-72 production (season beginning August 1).

A substantial increase in cotton acreage has helped to spur the rise in production. Generally favorable weather, in spite of a shortage of irrigation water in some areas, has also been a factor. Cotton was planted on about 1.85 million acres this season, compared with 1.7 million in 1971-72. Good returns from last season's crop and high cotton prices at planting time aided the acreage expansion.

Per acre yields should be very close to the record 678 pounds achieved in both 1970-71 and 1971-72. This would continue to be well above the 1965-69 average of about 500 pounds per acre.

The larger crop will mean more cotton for export, and further competition with U.S. cotton in foreign markets. Turkey exported an estimated 1.17 million bales of cotton in 1971-72—8 percent above its record 1.08 million the previous year—widening the margin for fourth place that Turkey had captured as a world cotton exporter in 1970-71. In prior years both Brazil and Mexico had exported more than Turkey, in addition to the three current front-runners: The United States, the Soviet Union, and Egypt.

Sharp increases in Turkish cotton exports went to Italy, Portugal, Switzerland, the United Kingdom, and Yugoslavia during 1971-72. Shipments to Japan, West Germany, and Eastern Europe were considerably lower, however. Mainland China took about 50,000 bales for the first time. Most of Turkey's 1971-72 cotton exports were shipped during the second half of the season, due in large part to Government restrictions on forward sales.

Turkish exports in 1972-73 could rise to 1.6 million bales, provided prices are competitive. Although Europe will remain the major market for Turkish cotton, Turkey is continuing its efforts to develop a larger share of the Far Eastern market.

Government policies assisted the Turkish farmer in receiving excellent prices for his cotton crop in 1971-72. This season, the Turkish Government again raised the seed cotton support prices paid to cotton farmers. Minimum export prices were recently reduced, then abolished completely in early September.

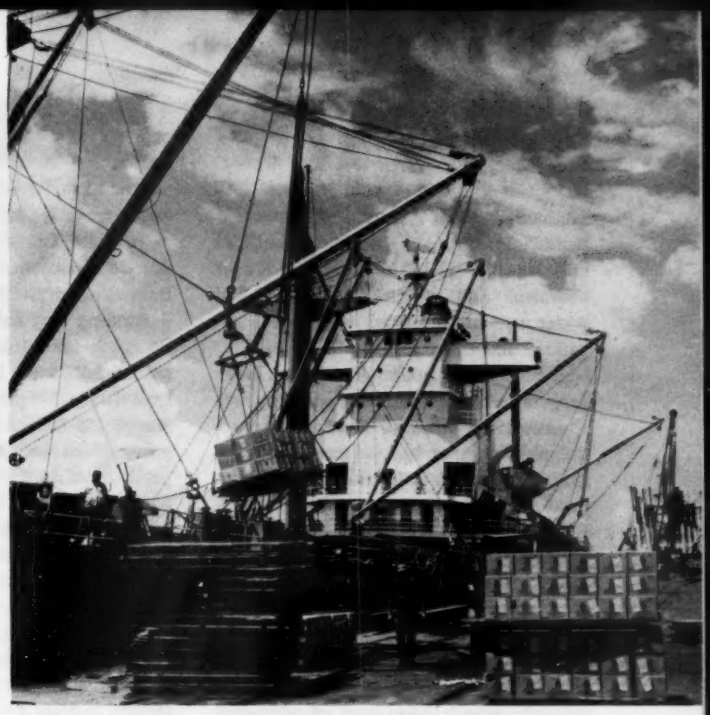
If local averages fall below parity with c.i.f. Liverpool quotations for selected foreign cottons, the Ministry of Commerce maintains the right to intervene in the export price system. For the Izmir longer staples, the reference cottons will be U.S. Mississippi Delta, Guatemalan, and Nicaraguan, and for the Adana shorter staples they will be U.S. Orleans/Texas Middling, and Pakistani AC-134—the lowest price in each category being accepted as the effective basis. The change in export pricing policy caused Turkish quotations in Liverpool to fall to within a moderate margin above U.S. prices in early September.

TURKEY: EXPORTS OF RAW COTTON, 1970-71 AND 1971-72

[In thousands of bales of 480 lb. net]

Principal destinations	Year beginning Aug. 1	
	1970	1971
Belgium	84	82
Mainland China	0	49
Eastern Europe [1]	100	71
France	103	114
West Germany	168	110
Italy	77	128
Japan	65	2
Lebanon	118	124
Portugal	14	56
Switzerland	172	217
United Kingdom	85	116
Yugoslavia	17	42
Total exports	1,079	1,166

[1] Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the USSR.



Right, loading ship near a cooperative's plant, New Orleans. Above, POP promotion in Japan of a cooperative's almonds.

Farmer Cooperatives and U.S. Agricultural Trade

America's farmer cooperatives, despite their strong involvement in domestic trade, are also important exporters of U.S. farm products. In recent years, close to a hundred of these cooperatives have participated in overseas trade, for an annual business of over a billion dollars. Their largest single export is grain, and their biggest market Japan.

These are a few of the facts revealed in a recent study by the Farmer Cooperative Service of the cooperative's role in U.S. farm trade. Authors of the study are Henry W. Bradford and Richard S. Berberich, Farmer Cooperative Service, USDA.

The study focused on the agricultural and farm-supply trade of 98 of the 101 cooperatives that conduct foreign trade, covering all commodities except tobacco.

The study found that in fiscal 1970 (the latest year for which figures are available) cooperatives conducted $1.3 billion worth of foreign trade, compared with $838 million worth in fiscal 1968. The major part of this—about 95 percent—was exports. Agricultural commodities accounted for 94 percent of the fiscal 1970 total, contrasted with 6 percent for sales of farm supplies.

The export total includes $782 million worth of commodities sold directly and $427 million worth sold indirectly through other firms, which together account for 21 percent of all U.S. agricultural exports in fiscal 1970.

Among the other salient features of the study—

- A total of 77 cooperatives exported U.S. farm products in fiscal 1970, 56 of them by direct export. Thirty-four made direct exports to Europe, and 28 to Asia. More exported to Japan—21—than to any other country.
- Largest regional outlet for cooperative exports was Asia, taking $421 million, or 56 percent, of all direct exports in fiscal 1970. Of this, $136 million worth was sold to Japan alone. Europe, next largest destination, took 23 percent of direct exports.
- Top exports by cooperatives were grains and grain preparations of which direct and indirect exports totaled nearly $750 million in fiscal 1970. Japan, South Korea, and India were the largest of the 31 markets for these products.
- Cooperatives' share of total U.S. trade is greatest for fruits and fruit preparations. In fiscal 1970, cooperatives accounted for 50 percent of the U.S. fresh fruit exports, 50 percent of the nuts and dried fruits, and 27 percent of other fruits (mostly canned fruits and frozen citrus concentrate). These exports moved to a total of 41 countries, earning $172 million.
- Direct exports of oilseeds and their products were $44 million, and indirect exports $132 million, for a combined total of $176 million. Among the 13 different markets, Canada and the Netherlands were top purchasers.
- Exports of cotton and cotton linters totaled $80 million and went to 27 different countries. Largest markets were India, Japan, and Indonesia.
- Other agricultural exports by cooperatives included about $19 million of vegetables and preparations, $16 million of animals and animal products, and $9 million of feeds and fodder.
- Exports of farm supplies totaled $15.4 million—$6.2 million of this direct sales—in fiscal 1970 and went mainly to Canada and Mexico.

On the import side, four cooperatives imported a total of $4.2 million worth of agricultural products, mainly vegetables and preparations, in fiscal 1970. Their major source was the Philippines, which supplied over half the total.

Cooperatives' direct imports of farm supplies totaled $45.6 million in fiscal 1970. Fifteen cooperatives were involved in this trade, and Canada was the major source of supply.

Cooperatives' trade in general, like that of other exporters, is up against a number of problems in foreign trade, including tariff and nontariff barriers, transportation difficulties, and stiff foreign competition. To overcome some of these problems, a number of cooperatives are selling abroad through joint trading operations.

attained through intensive efforts to expand and improve irrigation facilities and through increased applications of chemical and organic fertilizers and wider use of improved seed, mechanization, and other inputs.

Among other grains grown over large areas in China, corn is probably responsible for a major share of the remaining increase in total grain production during the past 10 years. Corn production is believed to be expanding rapidly; it now probably exceeds the level of wheat production because it has received increasing attention.

WHILE CHINESE GRAIN output has made a strong recovery from the low point of 1959-61, the result still has apparently been a lower level of consumption than in the latter part of the 1950's and in prewar years. An official announcement on October 1, 1971, claimed, in fact, that North China had achieved "basic self-sufficiency" in grain and that the need to transport grain from the south to the north, dating from imperial times, had been "initially checked." In the same statement it was claimed that food consumption in both urban and rural areas was steadily increasing and also that national grain stocks were the highest in history.

In 1971, the Chinese relaxed the "grain first" policy which had prevailed since the 1959-61 production setback and called for an increase in the area under industrial crops—at the expense of grain. However, the announcement was not made early enough to affect crop patterns that year. Some shifts were made in 1972 but the extent is not yet known.

China's grain trade. Since 1949—first year of the People's Republic—the Chinese have regulated the level of food consumption in order to make available large quantities of agricultural commodities, including grains, for export. (Agricultural exports have been a major source of much-needed foreign exchange for China.) Thus, China became a minor net exporter of wheat, corn, and barley and a major exporter of rice during the 1950's. In fact, during the entire 12-year period (1949-61) China imported less than 160,000 metric tons of wheat.

The reverses of the Great Leap Forward period and the agricultural depression, combined with the inexorable, increasing pressure of a large, rapidly expanding population seeking to meet its needs for food and agricultural raw materials from a limited area of arable land (only 11 percent of China's total area), led to the large-scale grain imports which began in 1961. These imports now appear to be a predictable feature of China's foreign trade.

In the early 1960's, during the first few years of this new grain trade, China imported grain, mostly wheat, from a number of countries including Australia, Canada, Argentina, France, West Germany, and the Soviet Union. The field of suppliers narrowed in the late 1960's, leaving Canada as the sole supplier after January 1971. During the 10 years 1961-62 to 1970-71, Australia shipped 20.4 million metric tons of wheat to China; Canada, 18.4 million tons; Argentina, 4.3 million tons; and France, 3.2 million tons.

For the continued high level of China's wheat imports, several reasons are commonly offered, among them these: Receipts from rice exports at high prices can be used to purchase cheaper imported wheat; the shipment of foreign wheat directly to China's northern wheat-consuming cities and industrial centers eases pressures on north-south transportation; and wheat imports permit the reduction of pressure on grain procurement and on its movement to nearby urban areas.

It might also be assumed that because wheat production remains relatively stable in the face of rising population, supplemental imports will continue, and perhaps increase.

China's rice trade is of interest because of its important role in earning foreign exchange. Exports reached an estimated 915,000 tons in fiscal 1971, a 10-year high. But, while that is a substantial quantity of rice, it is less than 1 percent of domestic production.

Imports of other grains over the past few years have been negligible, although they were considerable in the first part of the 1960's. For example, imports of rye, barley, oats, corn, and sorghum totaled 690,000 metric tons in fiscal 1961, reached a peak of 1.2 million tons in 1962, dropped to 760,000 tons in 1963, and then increased again to 1.1 million tons in 1964. Feedgrain imports then fell off sharply and for all practical purposes had ceased by the end of the 1960's. Barley and corn were the largest feedgrain imports in the decade.

Little is known of China's vast livestock sector, but the feed requirements are obviously enormous. There are, however, no indications that China will import feedgrains in the immediate future. Serious crop reverses or a substantially stepped-up livestock expansion program—should either occur—could change that assessment.

Meanwhile, China has been exporting modest quantities of feedgrains each year, largely to Japan and primarily corn and sorghum. Exports of those two grains to Japan have ranged from a high of 290,000 tons in fiscal 1965 to only 14,000 tons in 1970, but reached 111,000 tons last year.

A review of China's grain crop prospects for this year and of its current grain trade developments can help further to indicate why the Chinese have purchased additional wheat now and why they have bought it from the United States and Australia.

CHINA'S 1972 GRAIN CROP. Total grain crop this year is expected to be about at the level of the 220 million tons estimated for both 1970 (a record harvest) and 1971. The early grain harvest is believed to be no better than average, and weather conditions during the summer have not appeared sufficiently favorable to insure an outstanding harvest of late crops.

Early-harvested grains account for one-third of China's total grain harvest. During the first half of this year, these crops—primarily winter wheat and barley, pulses, and early rice—were affected by a wide range of unfavorable weather highlighted by drought in two important regions.

The early rice crop was hurt by low temperatures at planting time which caused widespread rotting of seedlings. Dry weather in Kwangtung (the leading rice-producing Province) and in other southern Provinces delayed transplanting. The rice crop was later damaged by insects and plant disease.

These factors, combined with an apparent reduction in the area planted to early rice (normally one-third of the total rice crop and about one-half of the early-harvested grain crop), indicate that the 1972 early rice crop is below the record production of 1971.

The production of winter wheat, the second most important grain in the early harvest, is believed to have been slightly higher than that of last year, or about an average crop. Drought in June and early July affected primarily the fringes of China's wheat belt rather than the central areas, but that is believed to have reduced what otherwise might have been an "outstanding" harvest to merely a "good" harvest. Production of winter barley and pulses was probably increased by favorable weather which occurred during the period of crop growth in the Yangtze Valley, the major winter crop region.

Late-harvested grains normally provide two-thirds of China's total grain harvest, but this year the prospects are clouded by continuing unusual weather conditions. "Crash planting" of late-harvested grains in the North China Plain during the drought in June and early July permitted the "essential fulfillment" of the sowing plan, according to Chinese officials. Near-normal precipitation has occurred since July in most of the North China Plain area but moisture reserves have been low.

Grain crops in parts of central and southwestern China are also believed to have been adversely affected by below-normal precipitation. Indications of this include references made to unusually large plantings of sweetpotatoes in some of the Provinces affected. Such reports suggest the probability of adjustments in planting the intermediate and late-harvested crops, including the late rice crop. While continued dry weather may affect intermediate and late rice crops in the areas already affected by drought, these are not areas of surplus grain production.

IN CONTRAST the eastern portion of the country—a more important agricultural area—enjoys improved moisture conditions, especially when compared with last year. Typhoons have been fairly frequent; and although they have caused some local flood damage to crops, it appears that this large, important grain-producing area may produce a better crop than last year.

Thus, the prospects for China's grain production this year suggest an output about the same as that of the past 2 years, depending on the effect of weather on the late harvest. Requirements meanwhile have increased relentlessly with the addition of up to 15 million Chinese during the year.

Consider the possibility of a shortfall of 2-3 million tons of grain—only 1-2 percent of annual production—and add to it an increased requirement of 2-3 million tons (new population), and the result is an unfilled requirement of 5-6 million tons of grain. Only part of that amount could reasonably be covered by nongrain food crops. Grain imports or utilization of grain stocks would be required.

CURRENT TRADE OUTLOOK. On June 1, 1972, the People's Republic of China signed a sales contract with Canada for the delivery of up to 1.6 million metric tons of wheat by March 31, 1973. Combined with the undelivered balance of an earlier sales contract (December 17, 1971) for the delivery of up to 3.2 million tons of wheat during calendar 1972, this means a total of up to 3.4 million tons of Canadian wheat that China was already committed to import during the July 1972-June 1973 year before that year had begun. This purchase not only was made 3 months earlier than a similar supplementary purchase made in 1971, but it raised the level of wheat purchased for delivery in 1972-73 by 400,000 tons over the low level of 1971-72. It also raised imports to the level prevailing during 1967-71.

By mid-September, only 3 months later, China had bought an additional 400,000 tons of wheat; this time, U.S. wheat. And before the month ended, China purchased 1 million tons of Australian wheat for delivery in calendar 1973. Whether the delivery schedule (to begin next year) was preferable to immediate shipments is not known. That is, in fact, an academic consideration this year because it is doubtful that Australia's current tight stock situation would permit additional wheat exports before the new crop is harvested (November 1972-January 1973).

It is clear that China's total domestic grain requirements are immense. It is clear also that each year China is confronted with an urgent need to outperform the previous year in the production of grains and other food crops. Over the past decade, however, even though production increases have been impressive, China apparently has been able to meet those requirements only by importing 4 million to 5 million tons of wheat in most years. Recent developments indicate that substantial imports will continue.

CHINA'S PURCHASE of U.S. wheat was made possible by the relaxation of East-West trade restrictions in June 1971. It was also made possible because the United States had a selection of wheat classes, in quantity, available for export. It was also probably facilitated by the general improvement of East-West relations during early 1972, and by China's expanding agricultural export trade with the United States.

In its search for more wheat for nearby shipment, China probably looked not only to the United States but also to Canada, Australia, Argentina, and France—other potential suppliers. This time, however, the Chinese encountered a very different market situation than a few months earlier (June 1, 1972) when they purchased 1.6 million tons of Canadian wheat. Canada, for example, had made heavy commitments to the Soviet Union and to other markets, as well as earlier commitments to China. Its transportation and handling facilities, at least temporarily, were heavily taxed. Vancouver, the major port for China trade, not only was already overloaded but had suffered from a crippling strike which required emergency Government action.

Other major suppliers may also have been reluctant to enter into new commitments for prompt delivery. France had sizable stocks at the time, but both Argentina and Australia had rather limited quantities of wheat in stock, at least until December 1972.

China's purchasing now might be only to complete the booking of its normal wheat purchasing requirements for the current year. (As shown in the table, "normal" could be any amount from 3 million to 6 million tons a year.) The timing could also reflect concern over rapidly decreasing supplies of exportable wheat throughout the world along with sharply rising prices—primarily the result of recent large purchases by the Soviet Union. Buying wheat at this particular time could also reflect an unexpected immediate need at home.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 18	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.68	−2	1.95
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	2.62	0	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	2.54	+6	1.84
15 percent	2.66	+7	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	2.50	+2	1.78
No. 3 Hard Amber Durum	2.61	+2	1.80
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.73
Feedgrains:			
U.S. No. 3 Yellow corn	1.64	−2	1.35
Argentine Plate corn	2.03	−2	1.53
U.S. No. 2 sorghum	1.75	+2	1.33
Argentine-Granifero sorghum	1.75	+1	1.33
U.S. No. 3 Feed barley	(1)	(1)	.98
Soybeans:			
U.S. No. 2 Yellow	3.67	−11	3.42
EC import levies:			
Wheat[3]	[4] 1.31	0	1.54
Corn[5]	[4] 1.16	0	1.05
Sorghum[5]	[4] 1.04	0	1.09

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

Soviet Press Reports on Progress of USSR Harvest

The Soviet press reported that as of October 9 a total of 259 million acres of small grains had been cut, 92 percent of the sown area; and 254 million acres, or 98 percent of the cut area had been picked up and threshed. This leaves about 27 million acres to be harvested, including 22 million yet to be cut and 5 million to be picked up and threshed. Since only about 2.5 million acres were cut during the week of October 2-9, it seems likely that a significant part of the remaining 27 million acres will not get harvested this fall.

This latest report on fall field work did not contain any information concerning progress made as of October 2 in fall seeding or fall plowing.

Drought Reduces Thai Corn Production and Export Prospects

Owing to drought, Thailand's 1972 corn crop is expected to yield only about 1.3 million tons, slightly over half its normal annual production. On September 26, Thailand reduced the quantity to be shipped to Taiwan from 450,000 tons to 250,000 tons and cut the supplies earmarked for Japan from 1 million tons to 450,000 tons.

LIVESTOCK AND MEAT PRODUCTS

U.S. Cattle Sales Over $1 Million At Cremona Livestock Show

Cattle valued at over $1 million were sold by four salesmen representing the Holstein-Friesian Association of America at the U.S. exhibit in Cremona, Italy, September 8-17. The high-production U.S. Holstein cattle are especially appealing to Italian and other European dairymen suffering a cost-price squeeze.

The United States was awarded first place for the best exhibit with the best animals shown.

FRUITS, NUTS, AND VEGETABLES

U.S. Participates in FAO Wine Conference

A delegation from the United States took part in the Second Session of the Food and Agriculture Organization (FAO) Intergovernmental Group on Wine and Vine Products in Eger, Hungary, September 4-8. It was the first time the United States participated in a conference on wine trade and reflects the growing interest of the domestic industry in the international wine market.

International trade in wine is growing. FAO estimates world exports in 1971 at 33.4 million hectoliters (882 million gallons), an increase of 14 percent over the preceding 5-year average; bulk wine accounts for most of the trade. U.S. imports (mainly in bottles) are increasing rapidly; 1971 imports were 36 million gallons, compared with 30 million gallons in 1970. Exports are small, mainly because of the buoyant domestic market, but industry interest in developing foreign markets is increasing.

Near-Record Prune Pack for Yugoslavia

With 1972 fresh plum production forecast at a near-record 1.2 million short tons, Yugoslavia anticipates an abnormally large 44,000-ton dried prune pack this season.

This compares to last season's 18,500-ton pack and the record 1969-70 output of 46,000 tons. Quality is off somewhat: heavy rains prior to harvest caused splitting and the plums are smaller than last season due to the heavy set.

Exports for the 1971-72 season are placed at 17,100 tons, considerably below the 1970-71 level of 25,622 tons. East European nations continue to be Yugoslavia's primary outlet. Early projections call for exports during the 1972-73 season of 27,500 short tons.

SUPPLY AND DISTRIBUTION OF YUGOSLAV PRUNES
[In thousands of short tons]

Item	1968-69	1969-70	1970-71	1971-72[1]
Beginning stocks (Oct. 1)	6,600	2,800	20,400	12,700
Production	14,100	46,000	29,000	18,500
Total supply	20,700	48,800	49,400	31,200
Exports	7,000	17,000	25,700	17,100
Domestic disappearance	10,900	11,400	11,000	9,500
Ending stocks (Sept. 30)	2,800	20,400	12,700	4,600
Total distribution	20,700	48,800	49,400	31,200

[1] Revised.

FATS, OILS, AND OILSEEDS

West Malaysian Palm Oil Outlook

West Malaysia's palm oil production during the October 1971-July 1972 period totaled 474,100 metric tons compared with 397,800 tons in the same 10 months of 1970-71. Considering the fact that acreage of bearing trees increased by about 24 percent in 1972, the increase of only 19 percent in output reflects a significant reduction in yields and is counter to the upward long-term trend. The reduction in yield is believed to reflect below-average rainfall, 16 percent less than that of the previous year.

Exports during October-July 1972 totaled 467,000 tons compared with 412,000 for the same period in 1970-71. Exports have accounted for virtually all of the domestic output while annual domestic use is about 15,000 tons.

During 1972-73, expansion of palm oil production is expected to continue, reflecting a 20-percent increase in bearing acreage. However, yields may continue to be below normal during the October 1972-September 1973 period because of below-average rainfall the preceding season. Although monthly yields should improve in 1972-73, they too may still be somewhat below average.

SUGAR AND TROPICAL PRODUCTS

USSR Sugar Production Expected To Drop Below Planned Levels

Sugar production in the USSR for the 1972-73 crop year will probably be up from 1971-72, but it is not now expected that output will reach planned production levels. The USSR has experienced poor weather in some of its sugarbeet producing areas, and production may again be less than consumption.

Drought—especially in the Eastern Ukraine, Northern Caucasus, and the Russian Federation—is expected to reduce sugar yields. However, yields are expected to be up in the important producing area of the Western Ukraine, as well as Moldavia, Byelorussia, and the Baltic Republics.

Sugarbeet acreage this year is reportedly 8.54 million acres, compared with 8.21 million acres in 1971.

Consumption requirements for the 1972-73 year (September 1, 1972-August 31, 1973) are estimated at 10.5 million to 11 million metric tons of sugar (raw basis). Although Government procurement of sugarbeets will probably account for a larger percentage of production this year than last, there is likely to be a sizable production deficit. It is therefore possible that the USSR will purchase sugar on the world market again this year.

In recent years, Cuba has been the sole source of Russian sugar imports. In late 1971, it became evident that Cuba, with a below-normal sugarcane crop, would not be able to supply Russia with its usual amount of sugar, and the Soviet Union began in December 1971 to purchase sugar on the world market.

About 290,000 tons were purchased from Brazil in January-February 1972. Other purchases were made from El Salvador, the Dominican Republic, and Australia. Altogether, purchases on the world market probably amounted to about 1 million tons.

Coinciding with these purchases, the world price (f.o.b. Caribbean port basis) rose from 4.75 cents per pound on December 1, 1971, to 9.60 cents in March 1972, when the USSR discontinued purchases.

As was the case last year, the Soviet Union's total import needs for 1972-73 from markets other than Cuba will depend considerably upon the size of the upcoming Cuban harvest. The 1972-73 Cuban sugar production could very well be somewhat higher than the low 1971-72 crop. However, if the USSR does not increase its imports significantly from Cuba or reduce its stocks, there are likely to be sizable purchases of sugar on the world market.

DAIRY AND POULTRY

Dominica Restricts Poultry Meat Imports

The Government of Dominica recently revised its import licensing arrangements for poultry meat, of which the United States is the principal supplier. This effort to encourage expansion of the local poultry industry is expected to reduce imports.

Under the new arrangements, an import quota of 360,000 pounds of poultry meat has been established for August-December 1972, based on estimated domestic demand of 500,000 pounds for this period. Of the 360,000 pounds to be imported, approximately 16,000 pounds will consist of choice parts, such as whole legs and breasts.

The import quota has been allocated among those importers who purchased poultry meat from local suppliers during the preceding January-July. The quantity each importer is allowed to bring will be based on the percentage which his local purchases constituted of total local supplies during the given period. Thus, if an importer purchased 10 percent of local production during the preceding January-July period he can import 10 percent of the total import quota of 360,000 pounds for August-December.

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FOREIGN AGRICULTURE

Colombia To Expand Agricultural Exports

The Colombian Government has embarked on a 4-year agricultural export program. Included are Colombia's traditional products, cotton, sugar and bananas, as well as meat.

Cotton. Exports are targeted to grow from between $31.3 million-$31.96 million this year to $50 million-$61.98 million in 1975. If cotton prices continue at relatively high levels, and with good weather, it is reasonable to expect that exports will reach the $50-million goal in 1975 and possibly range as high as $55 million.

Sugar. The sugar plan, which calls for growth from $19 million-$20.7 million this year to $21 million-$22.6 million in 1975, seems readily attainable. World prices should continue strong for some time, and if plans for industry expansion are realized, the goal for 1975 should be exceeded.

Bananas. The Government hopes to expand banana exports from $18.6 million-$21 million this year to $27 million-$29 million in 1975. With the change in variety from Gros Michel to Cavendish, this target should be reached.

The goals for meat and textiles appear less likely to be achieved.

Meat and livestock exports are climbing at a rapid rate. The Government has projected gains from $37.9 million-$41.52 million this year to $76.6 million-$90.26 million in 1975. It is unlikely, however, that exports will more than double by 1975 because of domestic needs and an annual supply problem.

EC Oilseed and Meal Use (Continued from page 5)

sired protein level in the Community.

Projected annual growth in high-protein meal requirements by the livestock and poultry industries during the 1970's is expected to approximate 260,000 tons, or somewhat less than during the 1965-70 period.

Growth in meal consumption for feed purposes could be seriously affected by year-to-year shifts in the price ratio of feed protein meals compared with other sources, such as feedgrains, pulses, and grain byproducts. However, growth will depend largely on changes in livestock and poultry product output. The annual percentage of production growth in these industries during 1970-80 is forecast by the Food and Agriculture Organization at a lower level than in the period between 1964 and 1970.

Future EC production of meal from indigenous materials is projected to increase by only 25,000 tons per year or about in line with past growth. Despite the growing EC deficit in high protein meals, the Community's limited land area is expected to prevent accelerated growth in oilseed production unless oilseed-producer prices become more favorable compared with those of other crops, particularly feedgrains.

Net imports of oilseeds and meal are projected to account for about 95 percent of total EC meal consumption by 1980, the same as in 1970. If imports of soybeans and meal continue to supply about 60 percent of total EC meal consumption, as was the case in 1971, annual growth would be about 200,000 tons (meal basis) during the 1970-80 period. EC imports of soybeans and meal could grow at a greater rate, however, if soybean and meal consumption continues to expand significantly as a share of total consumption.

Moreover, even if some growth takes place in the consumption of soybeans and meal during the current decade, it will probably be significantly less than the expected annual increase of 374,000 tons during 1960-70 because meal consumption per unit of animal-product output is expected to reach a leveling-off point.

While it is impossible to accurately forecast what share of future EC meal import requirements will be purchased from the United States, it is relatively safe to project that the bulk of any such increases will be as soybeans. And as a major supplier of soybeans in world trade, it is also probable that the United States will supply much of the EC's demand for oilseeds and meals if U.S. production capacity, changes in foreign output, and competiveness of U.S. prices remain favorable to this country.

A copy of this report, "European Community Meal Consumption Trends and Outlook," FFO-15-72, may be obtained free of charge by writing to Foreign Agricultural Service, Information Service Branch, 5918 South Building, U.S. Department of Agriculture, Washington, D.C. 20250.